

ON PAGE

A

NEW YORK TIMES

25 May 1986

# CONCERN GROWING AMONG U.S. AIDES ON MEXICO FUTURE

WARNINGS BY C.I.A. CITED

By JOEL BRINKLEY

Special to The New York Times

WASHINGTON, May 24 — More and more senior United States Government officials are coming to believe that Mexico's political and economic problems have grown so severe that Mexico could become one of this nation's most important foreign policy problems, many officials said.

Central Intelligence Agency reports on Mexico have been warning for most of the last year that political instability and widespread violence could be the likely results if present trends in that country are not reversed, Government officials said.

"When you read the stuff that's been coming out of the agency, you say, 'Wow, that's bad, it's scary,'" a senior Administration official said. The reports say present trends could lead to "chaos on our southern border."

## Many Still Disagree With C.I.A.

The C.I.A. view had not been widely shared in the rest of the Government, but in the last few months it has gained new adherents as Mexico's problems have grown more severe, many officials from several Federal agencies said in interviews.

At the same time, however, many officials still disagree with the C.I.A. estimate, saying Mexico will pull out of its present troubles, just as it has solved problems in the past.

"It's not a sea change," said a senior Administration official who has been involved in determining policy toward Mexico, "but there is clearly a widening circle of concern." As a reflection of that, several senior officials harshly criticized Mexico's handling of its political and economic problems during an unusual public Senate subcommittee hearing on May 13.

## Mexicans Are Furious

The criticism so angered the Mexican Government that the Mexican Cabinet met in emergency session the same day. The Mexican ambassador was called back to Mexico City for talks, the Foreign Ministry issued a harshly worded official note of protest and relations have been chilly since, officials said.

But on Thursday, in a move that startled officials in the State Department, the Customs Service, Congress and some other Government agencies that deal with Mexico, Attorney General Edwin Meese 3d called Sergio Garcia Ramirez, the Mexican Attorney General, and told him the criticisms at the hearing did not represent United States Government policy.

In a statement issued in Mexico City on Friday, Mr. Garcia Ramirez said Mr. Meese had told him he "deplored the comments" made before the sub-

committee, whose chairman is Senator Jesse Helms, the North Carolina Republican. A Justice Department spokesman said Mr. Meese thinks "the charges don't reflect the views of the President, the U.S. Government or the Department of Justice."

## Legislators Are Confused

Today Congressional officials said they were confused, particularly because President Reagan had told Senator Helms he approved of what had occurred at the hearing when the two discussed it the following day, two officials said.

The subcommittee testimony had not been cleared by the White House. But a White House official, in an interview last week, said, "The financial picture is bleak, and the possibility of default is real because, basically, the numbers don't add up. The internal political situation is not one of imminent collapse, but tensions are rising."

The State Department issued a statement the day after the hearing saying the testimony had been a "candid, public, balanced review of our concern." A spokesman had no further comment today. The Customs Service, whose Commissioner, William von Raab, offered the harshest criticisms, said today, "We stand by our statements before the subcommittee and have no further comment." Officials at the Customs Service and State Department did say today that the Justice Department had not told them Mr. Meese intended to call Mr. Ramirez and, in effect, recant their testimony.

## Mexican Sensitivity Cited

Senior officials said Mr. Meese made the call not because the Government is unconcerned about the problems in Mexico but because the Mexicans are so extraordinarily sensitive to criticisms from the United States. "It would be difficult to carry through with some important initiatives we have going with them, if this situation between us had continued," one official said.

Today, a senior State Department official said, "Yes, there are problems; no, we are not certain they'll be able to pull out of them this time. But we have to work with them, and continuing to bash them is not going to do any good."

Speaking to Mr. Helms's subcommittee, Elliot Abrams, the Assistant Secretary of State for Inter-American Affairs, said that "this is very serious business" because "if Mexico doesn't get a hold of the problems," then in "a number of years it can get to be too late."

Those and similar statements had been considered unusual because the State Department's view of Mexico's problems had for a long time been in contrast to the C.I.A. position, officials said.

## 'Conventional Wisdom'

The State Department had been promoting what one senior official called the "conventional wisdom" about Mexico: that the nation has often been through difficult times, and that this time, as in the past, "the doomsayers will be proved wrong."

Last December, the State Department convened a panel of six Mexico scholars from universities around the country to offer their predictions on trends in Mexico in the next five years. The panel came back with papers "offering the conventional wisdom, counter what the agency has been saying," a State Department official said.

But at least one of the panelists, Dr. John J. Bailey, a professor of Government at Georgetown University, said he was less sanguine.

"My own view," he said in an interview, "is that Mexico now faces some very serious problems that are qualitatively different than those of the past," and that the Mexican President, Miguel de la Madrid, "does not seem to be making the decisions in the key areas that are needed to solve them."

Mexico's financial problems are causing the greatest concern, both in the United States and in Mexico. The Government is able to make only the interest payments on the nation's \$100 billion foreign debt, but even those pay-

ments are exhausting Mexico's foreign currency reserves, leaving nothing to invest for economic growth, Mexican and American officials say.

## Rapid Drain on Capital

Meanwhile, the level of capital flight, estimated at more than \$6 billion a year, may be the highest in the world, and nearly all the nation's economic indicators are down. Oil is Mexico's chief export, and falling oil prices have greatly worsened the problems.

C.I.A. reports say Mexico could easily run out of foreign currency reserves by this summer, raising the possibility of default even on the interest. But Mr. Abrams, asked about that possibility during the hearing May 13, said, "I think it is unlikely." Other officials differ on the possibility.

Illegal immigration to the United States is rising rapidly; Immigration and Naturalization Service officials expect a 50 percent increase this year in the number of illegal immigrants they catch. And for every Mexican they catch, two or three others slip past, I.N.S. officials say.

Meanwhile, drug production and trafficking has increased as well; Mexico now is the largest supplier of marijuana and heroin to the United States. Mexican traffickers have also become significant "wholesale brokers" of Colombian cocaine, said John C. Lawn, head of the Drug Enforcement Administration; the new cocaine business has brought the traffickers an estimated \$1.25 billion a year.

#### A Spur to Corruption

This huge influx of additional money has emboldened the traffickers and allowed them to bribe significant numbers of Government officials, American officials say. That is beginning to paralyze the Mexican Government, making it more difficult to deal with all the problems, they add.

Already, Mr. Abrams said, "Presi-

dent de la Madrid does not have the ability, as President Reagan does, to push the buttons that you want to push from the presidential palace in Mexico City because behind some of those buttons you will find corrupt people" who "do not want to carry out those orders."

A former senior C.I.A. official said he believed the agency's early warnings about Mexico resulted as much from the country's support of the Sandinista Government in Nicaragua as from Mexico's actual internal problems. William J. Casey, the Director of Central Intelligence, "felt the Mexicans were not team players on Central America," he said.

#### Less Support for Nicaragua

But in the last year, Mexico has backed away somewhat from its support of the Nicaraguan Government. Mr. Abrams noted that Mexico, which used to supply 75 percent of Nicaragua's oil, now supplies none of it, although other officials said that may be only because Nicaragua could not pay.

Late last year the staff of the Senate Foreign Relations Committee prepared a report for the chairman, Senator Richard G. Lugar, Republican of Indiana, with forecasts every bit as gloomy as those from the C.I.A., officials said. It said Mexico loomed as the most significant foreign policy problem of 1986.

Senator Lugar, in an interview, said that "the problems are extraordinarily serious," but that "the Mexicans have been attempting a good number of reforms and have announced others." He called the warnings from the C.I.A. and elsewhere "a legitimate fear, but all these people who talk of collapse give the impression that there are no pillars in place in that society, and there are." Serious instability, he said, is "conceivable but not inevitable."